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C O N F I D E N T I A L BUENOS AIRES 000906

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EMBASSY VILNIUS FOR THOMAS P. KELLY
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SUBJECT: ARGENTINA: CRISTINA FOR PRESIDENT AND OTHER HOT
TOPICS

REF: BUENOS AIRES 00844

Classified By: Ambassador E. Anthony Wayne for Reasons
1.4(b) and (d).

¶1. (C) SUMMARY: With just over five months until the presidential elections in October, President Nestor Kirchner has yet to announce whether he will run for reelection, or as many speculate, whether his wife, Senator Cristina Fernandez de Kirchner, will run for the office. Respected journalist and political commentator Joaquin Morales Sola reported in his regular La Nacion column May 9 that he has confirmation from two Kirchner ministers and one secretary that the official government candidate in October definitively will be Cristina Fernandez de Kirchner. This echoes months of rumors and what ministers and legislators have been telling us and follows speculation that President Kirchner has made the final decision to support his wife's candidacy. But with mounting domestic problems it is more likely that the official decision and announcement of which Kirchner will run will come after the June 3 mayoral elections in Buenos Aires and possibly not until the last moment in late July. With increasingly confrontational teacher strikes in Santa Cruz province causing the resignation of the governor on May 9, public tension between the Catholic Church and the Kirchner administration, and increasing heat on Kirchner's ministers for possible involvement in the Skanska corruption scandal (REFTEL), Kirchner has begun to face increasing challenges to his until-now solid popularity. However, unless combined with a major economic downturn, none of these issues alone, nor in combination, poses a serious threat to the election of one or the other of the Kirchners in October. END SUMMARY.

Pinguino or Pinguina?

¶2. (C) With just over five months until the presidential elections in October, respected journalist and political commentator Joaquin Morales Sola reported in his regular column May 9 that he has confirmation from two government ministers and one secretary that the official Kirchner candidate in October definitively will be First Lady Senator Cristina Fernandez de Kirchner. This echoes months of rumors and other journalists' speculation that President Kirchner

has made the final decision to support his wife's candidacy instead of his own. Even Kirchner himself has commented several times on the possibility of his wife's candidacy, but his May 8th comments on the issue merely asked the public to be patient as the administration considers carefully who the candidate will be. The drum beat has become louder as of late. Labor Minister Tomada, for example, kept referring to the next president as "her" in his May 2 lunch with Ambassador and DCM.

13. (C) The Kirchners benefit more from waiting to announce their candidate. Currently, either Kirchner candidate is projected to win the presidential elections with a healthy lead over the other declared candidates, but Fernandez de Kirchner's lead in most polls is eight points lower than her husband's. An opposition win in the June 3 Buenos Aires mayoral elections could increase this breach between the Kirchners, making him the better candidate for October. Yet mounting domestic squabbles and scandals, such as teacher strikes in his home province of Santa Cruz and the Skanska corruption scandal (REFTEL), have not impacted Fernandez de Kirchner's image, making it easy to market her candidacy as a "renovation" or as a fresh option. The senator who sits next to Mrs. Kirchner in the Senate told the Ambassador she is fairly certain Cristina will be the candidate, but that the announcement will likely be made at the last moment 90 days before the elections. The one certainty in the presidential race is that the elections will be held on October 28; the law was signed May 8 confirming the date.

Prolonged Teacher Strike

14. (C) Teachers in Santa Cruz and Neuquen provinces have been striking to demand the salary increase that Education Secretary Filmus announced on February 19. The announced

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increase was not, however, accompanied by an increase in federal funds to the provinces, which are responsible for bankrolling the increase. The teachers unions in Santa Cruz and Neuquen provinces have been on strike nearly ever since, resulting in one death in Neuquen and several injuries in Santa Cruz. While the political damage for the strikes in Neuquen have been mainly limited to Governor Jorge Sobisch, the situation in Kirchner's home province of Santa Cruz reportedly is having a psychological affect on the President.

15. (C) The escalating tension between the strikers and the government resulted May 9 in the resignation of Governor Carlos Sancho over the use of police force against the protesters. The Ministry of Labor has ordered that the Santa Cruz teachers accept an obligatory conciliation package from the government, but after gendarmerie forces injured four protesters in efforts to end a May 8 rally in front of Kirchner's residence in the provincial capital and then injured 12 more protesters in suppressing a march on May 9, the teachers have rejected the conciliation and denounced the government's use of force against them. (COMMENT: The teachers in Santa Cruz seem to have lost fear of government reprisal and appear determined to continue their strikes until the government offers a more acceptable conciliation. The latest round of violence may well just add fuel to the fire and encourage them to continue demonstrating. Perhaps because of President Kirchner's ties to the province, the situation in Santa Cruz is being countered from Buenos Aires at the national level, raising the risk that Kirchner himself could feel repercussions from the prolonged conflict. Even the Labor Minister commented critically to Ambassador and the DCM May 2 about Kirchner's efforts to manage the crisis in his province from Buenos Aires. END COMMENT.)

Criticisms from the Church

¶6. (C) Relations with the Church have been tense since former Bishop Joaquin Pina's successful campaign to defeat Kirchnerista Governor of Misiones province Carlos Rovira's push to allow indefinite reelection. Cardinal Jorge Bergoglio said that the Church would not get involved in politics, but supported retired Bishop Pina's efforts. Bergoglio recently voiced his concern over Kirchner's concentration of power and the weakening of democratic institutions in Argentina. In Santa Cruz, a local Catholic Bishop has joined the teachers' cause and criticized the government for treating those who think differently from the government as "enemies," helping to aggravate the already tense relations between the administration and the Catholic church.

¶7. (C) In return, the government appears irritated at the Cardinal's apparent preference for the opposition in this electoral year. Buenos Aires Mayor Jorge Telerman and his coalition partner and presidential candidate Elisa Carrio reportedly met with Bergoglio in April, and the inclusion of Muslim leader Omar Abud on Telerman's list of legislature candidates was reportedly Bergoglio's idea. Local political analyst Rosendo Fraga estimates that Telerman could gain as much as five percent more votes by virtue of his relationship with the Church, an increase that could be enough to edge Kirchner's mayoral candidate Filmus out of the running for a spot in the second round of the mayoral election on June 24.

Skanska Corruption Scandal

¶8. (C) As the investigation into the Skanska case (REFTEL) continues, the administration appears determined to perpetuate the thesis that if corruption occurred, it was between private parties. The May 8 arrests of seven former

Skanska employees for aggravated tax evasion furthers the government's position and May 9 raids on a number of companies and a Buenos Aires city office. Press coverage of the arrests has been much heavier than coverage of the fact that Skanska confessed that it had paid "unearned commissions" in Argentina. What has not become public is to whom those commissions were paid. So far Kirchner has been able to deflect the scandal, which threatens to implicate Planning Minister Julio DeVido and his team, who oversee the gas-pipeline expansion project that involved Skanska. Moreover, the recent legal finding that federal judge Guillermo Montenegro, appointed by Kirchner, has jurisdiction over the investigation into Skanska's alleged bribes could help keep administration officials out of the scandal. (But the tax evasion investigation continues under a different judge.)

Comment

¶9. (C) Despite a string of troubling situations -- and the media's attempt to keep those troubles on the front-page -- President Kirchner has consistently maintained one of the highest approval ratings in the hemisphere since his election in 2003. His administration's ability to distract public attention from issues that could negatively impact Kirchner's ratings has helped to protect him from prolonged public scrutiny on any one issue. His strategy of delaying the announcement of which Kirchner will run for president is such an example. This is likely to be his modus operandi until the October presidential elections. Barring any major change in the economy, Kirchner is not likely to suffer significant political damage from most of the current hot media topics. The deteriorating situation in Santa Cruz is the one issues that has the potential to cause political damage to Kirchner himself; if police violence against the protesters continues or escalates, his management of the situation could face significant criticism and scrutiny.

¶10. (C) Several media reports have speculated that President Kirchner will make the official announcement of his wife's candidacy for president at the May 25 Te Deum ceremony (the Church's "State of the Union" address) in Mendoza. Mendoza Governor Julio Cobos is rumored to be the front-runner for the vice presidential candidate, making the ceremony a convenient opportunity to announce the candidacy of both Fernandez de Kirchner and Cobos. While several officials close to the Kirchners, as well as the President himself, have commented on the likelihood of Fernandez de Kirchner's candidacy, we expect the Kirchners to wait at least until after the June 3 mayoral elections in Buenos Aires and quite possibly until sometime in July. All indications are that Fernandez de Kirchner is pre-campaigning for the presidency, but this administration has demonstrated its fixation on polling numbers and in the end those numbers will have much to say on whether Argentina votes in October for a "pinguino" or "pinguina," as the choice between Nestor Kirchner and Cristina Kirchner has come to be defined in the local press. END COMMENT.
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